

**13-14b-103 Warranty claims.**

- (1) An equipment dealer may submit a warranty claim to a supplier if a warranty defect is identified and documented prior to the expiration of a supplier's warranty:
  - (a) while a dealer agreement is in effect; or
  - (b) after the termination of a dealer agreement if the claim is for work performed while the dealer agreement was in effect.
- (2)
  - (a) A supplier shall accept or reject a warranty claim submitted under Subsection (1) within 30 days of the date the supplier received the claim.
  - (b) A warranty claim not rejected within 30 days of the date the supplier received the claim is considered to be accepted by the supplier.
- (3) No later than 30 days after the date a warranty claim is accepted or rejected under Subsection (2), the supplier shall:
  - (a) pay an accepted warranty claim; or
  - (b) send the dealer written notice of the reason the warranty claim was rejected.
- (4)
  - (a)
    - (i) A supplier shall compensate the dealer for the warranty claim as follows:
      - (A) the dealer's established customer hourly retail labor rate multiplied by the reasonable and customary amount of time required to complete such work, including diagnostic time, expressed in hours and fractions of an hour;
      - (B) the dealer's current net price plus 20% for parts to reimburse the dealer for reasonable costs of doing business in performing the warranty service on the supplier's behalf; and
      - (C) extraordinary freight and handling costs.
    - (ii) For purposes of Subsection (4)(a)(i)(C), "extraordinary freight and handling costs" mean costs that are above and beyond the normal reimbursement policy of the supplier for warranty repair work.
  - (b)
    - (i) The supplier shall give due consideration to any extraordinary expenses incurred by the dealer in performing necessary warranty repairs.
    - (ii) If the repair work is for safety or mandatory modifications ordered by the supplier, the supplier shall reimburse the dealer for transportation costs incurred by the dealer.
- (5) After payment of a warranty claim, a supplier may not charge back, off-set, or otherwise attempt to recover from the dealer all or part of the amount of the claim unless:
  - (a) the warranty claim was fraudulent;
  - (b) the services for which the warranty claim was made were not properly performed or were unnecessary to comply with the warranty; or
  - (c) the dealer did not substantiate the warranty claim according to the written requirements of the supplier that were in effect when the equipment was delivered to the dealer by the customer for warranty repairs.
- (6) If a supplier denies a warranty claim due to a particular item or part of the claim, the denial shall only affect the items or parts in question and not the complete warranty claim.
- (7) A supplier may not pass the cost of covering warranty claims under this chapter on to a dealer through any means including:
  - (a) surcharges;
  - (b) reduction of discounts; or
  - (c) certification standards.
- (8)

- (a) The provisions of this chapter do not apply to a supplier or dealer where a written dealer agreement provides for compensation to a dealer for warranty labor and parts costs either as part of the pricing of the equipment to the dealer or in the form of a lump-sum payment.
- (b) The lump-sum payment under Subsection (8)(a) shall be at least 5% of the suggested retail price of the equipment.

Amended by Chapter 378, 2010 General Session